



# 1983 ANNUAL REPORT

Co-operative Federation of Victoria Ltd.  
225 Swanston Street,  
MELBOURNE, 3000.

Phone: (03) 663 1674.

# **CO-OPERATIVE FEDERATION OF VICTORIA LTD.**

(Incorporated under Co-operation Act 1981.)

## **The First Directors**

Chairman: J. Niel Black

Vice Chairman: Owen J. Slattery

Directors: Alan Dash

Anthony Gill  
(resigned 31/5/83)

Edward J. Long

Brian H. Macintosh

John Mitchell

James F. Rigby

Max Rundle

Geoffrey J. Simm

## **Delegate of**

Victorian Artificial Breeders  
Co-operative Society Ltd.

Phosphate Co-operative  
Company of Australia Ltd.

Victorian Credit Co-operative  
Association Ltd.

Ballarat Employment  
Co-operative Society Ltd.

Y.C.W. Co-operative  
Society Ltd.

Morwell Co-operative  
Society Ltd.

Co-operative Insurance  
Company of Australia Ltd.

Murray Goulburn Co-operative  
Company Ltd.

Security Co-operative  
Permanent Building Society

Lakes Entrance Fishermen's  
Co-operative Society Ltd.

Secretary/  
Executive

Officer: William W. Rawlinson

Auditor: Thompson Douglass & Co.

Solicitor: Mahony and Galvin

## **Registered Office:**

225 Swanston Street,  
Melbourne, Victoria, 3000.

Phone: (03) 663 1674.

## CHAIRMAN'S REPORT

In the last report of the unincorporated Federation we commented on the significance for Victorian Co-operatives of the enactment into law of new Co-operative legislation. We also reported that action was then in hand to proceed to formal incorporation as a Federation under that Co-operation Act. The action proceeded to its logical conclusion.

The formation meeting was held in August 1982 attended by representatives of 32 Co-operatives. On 8th February 1983 the Registrar issued a Certificate of Incorporation bringing into being the Co-operative Federation of Victoria Ltd. On 18th April 1983 the Special Meeting, required under Rule 49, was held and the first Directors were elected.

At the 30th June 1983 the affairs of the unincorporated Federation were wound up and transferred to Co-operative Federation of Victoria Ltd, in accordance with its objects.

In addition to providing direct services to Members, both societies and companies, your Federation has maintained close relationship with the Minister administering the Co-operation Act, the Co-operative Societies Advisory Council, the Registrar, the current Acting Registrar and Registry staff.

We have also worked closely with the Ministry of Employment and Training in its administration of the Employment Co-operative Development Programme by maintaining the Business Advisory Unit of the Programme within our staff in addition to overall involvement in the Programme in line with the Federation's objectives of encouraging and assisting in the formation of Co-operatives.

We have had discussions with the Minister of Agriculture and our Executive Officer was invited to address a meeting of senior officers of that Department.

### The Council and the Board

The Council of the unincorporated Federation met on 11 occasions and the Board of the incorporated Federation met on two occasions during the year. Mr. Rigby was elected to the Council at the 1982 Annual General Meeting and to the Board in April 1983.

Mr. Gill resigned from the Board in June 1983 on relinquishing his qualifying Co-operative responsibility. A casual vacancy existed at 30th June 1983.

### Finance

To meet rising costs and developmental services the annual subscription rate was increased by 20% for the current financial year. Increased income has been derived from services provided for the Employment Co-operative Development Programme, from the Co-operative Federation of Australia and from various other sources.

During the year the agreement with the Co-operative Federation of Australia, whereby joint use is made of secretariat facilities and the services of the Executive Officer on a contributing cost basis, was continued. This arrangement was terminated on 30th

June 1983. The effect of this change, coupled with changed staff commitments, has required the Board to budget for use of reserve funds in next year's developmental programme.

### Federation Staff

At the end of the financial year your Board was able to negotiate with Mr. Rawlinson to join the staff of the Federation on the termination of the agreement with the Co-operative Federation of Australia.

Mr. Brian Greer continued throughout the year as a member of the staff serving in the capacity as Business Adviser, Employment Co-operative Development Programme, funded by the Ministry of Employment and Training. Up to 4th June 1983 Mrs. Joanne Sarlin was employed as Administration Assistant to the Business Adviser under the Programme.

Mrs. Anne Loban also continued throughout the year as Secretary/Office Manager in the Federation's office.

### Membership

At the close of the year 43 Co-operatives had applied for and been issued with qualifying shares in membership of the Co-operative Federation of Victoria Ltd. Of the remaining 20 members of the unincorporated Federation, 10 were unfinancial at the year end.

During the year the whole Council made several courtesy exchange of information visits to Co-operatives in the Melbourne metropolitan area.

### Communications

During the year eight reports have been issued to Members following monthly meetings of the Council.

### Research and Development

The Federation has been involved in assisting two research studies. One for a Ph.D thesis at the Australian National University as part of the Australian Bi-centennial Programme related to development of Co-operative activity in Australia. The other one is for a Master's Thesis at Melbourne University related to Co-operation in Victoria since the introduction of the first Co-operative Societies Act 1953 up to date.

In addition, the Federation has taken the initiative in developing a research programme related to pre-Co-operative education and curriculum development in T.A.F.E. Colleges. The research programme is being undertaken with funds provided by the Transition Programme. The research project provides for a pilot project to be undertaken in one T.A.F.E. college before the end of 1983 to enable a programme of practical co-operatives to be formed in those colleges and to be operated in conjunction with theoretical studies on the subject of co-operation in the curriculum of those colleges.

### Minister, Registrar, Co-operative Societies Advisory Council

The Federation's proposal for funds to be made available for production of visual education program-

mes on role of Co-operatives has been accepted by the Co-operative Societies Advisory Council and the Minister.

A response has been made by the Federation to the Minister's lengthy discussion paper issued to enable a comprehensive review of existing operations, legislation and administration of Co-operative Societies in Victoria.

Your Federation had previously made submissions for amendments to the Co-operation Act 1981 on which action has been deferred pending a complete Ministerial review.

### **Employment Co-operative Development Programme**

During the year the Federation has participated in meetings related to consideration of method of funding assistance to Co-operatives in the Programme. The Federation has recommended a principle of loan funds rather than grant funds should be followed.

The Federation's proposal for a formal evaluation of the Programme to date was accepted by the Minister. Professional consultants were engaged and the evaluation study undertaken. At the time of preparation of this report the recommendations from this study were under consideration by the Minister.

In addition to submitting its report on the programme as seen by the Federation a proposal has been submitted to the Minister for a re-structuring of the administration and servicing of the programme by the formation of an Employment Co-operative Development Agency.

### **Co-operative Federation of Australia**

Your Federation's representatives on this national body are —

Mr. J. N. Black (with alternate Mr. O. J. Slattery)

Mr. B. H. Macintosh (with alternate Mr. E. J. Long)

During the year discussions continued on the possibility of developing a national Federation which allowed direct membership of individual Co-operatives. Ultimately it was agreed the present structure should not be changed. The Co-operative Federation of Australia therefore continues with State Co-operative Federations as its members.

Investigations into the development of a Co-operative Banking institution involving agricultural and trading co-operatives, Australian Federation of Credit Unions Ltd., Australian Association of Permanent Building Societies continued into the early part of the year. However, progress along the proposed tri-partite structure was deferred latterly. Alternative structures and strategies to meet this policy of the Co-operative Federation of Australia are under study at the close of the current financial year.

### **Conclusion**

The Co-operative Federation is now looking to the future, to the development of effective services for members, for continued development of our relationships with Government and initiating increasing public awareness of the real value of Co-operatives in our community.

We now have our own professional staff able to assist and provide advice on matters relating to Co-operative legal, accounting, administration, financial, staff and business related matters. The further development of these services to protect and increase our locally owned Co-operative sectors is a responsibility we all share.

We thank all who have given loyal support over these formative years. We look forward to greatly increased involvement by Co-operatives throughout Victoria in this the only overall Co-operative representative body in the State.

J. NIEL BLACK  
Chairman

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30th JUNE, 1983

### 1. **Summary of significant accounting policies**

The significant accounting policies used in the preparation of the accounts are set out below. Unless otherwise stated the same accounting policies were used in the previous year.

The accompanying accounts have been prepared —

- (i) on a going concern basis; and
- (ii) under the historical cost convention, whereby the amounts in the accounts are not adjusted to record changes in the purchasing power of money.

#### (a) Depreciation

The cost of each item of plant, vehicles and equipment is being written off over its expected economic life. Depreciation is calculated on the Diminishing Value Method at the rates specified by the Directors as being appropriate.

#### (b) Bad and Doubtful Debts

All bad debts actually incurred are written off as they arise and provision is made for any debts considered to be doubtful.

### 2. **Change in status of Co-operative**

The Council of the Co-operative Federation of Victoria at its meeting held on the 18th April, 1983, resolved that the Co-operative Federation of Victoria be wound up as at 30th June 1983 and all assets and liabilities be transferred to Co-operative Federation of Victoria Limited as at that date.

The Statement of Income and Expenditure, as presented, represents the operations of the Co-operative Federation of Victoria for the year ending 30th June, 1983 while the Balance Sheets represent the financial position of Co-operative Federation of Victoria Limited as at that date.

## INCOME AND EXPENDITURE STATEMENT FOR YEAR ENDED 30th JUNE 1983

	C.F.V. \$	E.C.D.P. OPERATING \$	E.C.D.P. CONSULTANCY \$	TOTAL \$	1982 \$
<b>Income:</b>					
Subscriptions	29540	—	—	29540	23095
Government Grants:—					
Co-operative Societies Advisory Council	2500	—	—	2500	2500
Ministry of Employment and Training					
— Operating	—	55700	—	55700	34000
— Consultancy	—	—	25600	25600	—
Services	7899	10	—	7909	2248
Interest	3021	1301	—	4322	5717
	<u>42960</u>	<u>57011</u>	<u>25600</u>	<u>125571</u>	<u>67560</u>
<b>Expenditure:</b>					
Audit	300	300	—	600	450
Car Allowance	—	4553	—	4553	4295
Consultancy Costs	—	—	14671	14671	—
Depreciation	480	624	—	1104	671
Insurance	84	489	—	573	271
Management	—	5000	—	5000	—
Meetings	—	—	—	—	175
Postages	681	390	—	1071	830
Printing and Stationery	1873	1757	—	3630	2596
Provision for Doubtful Debts	1000	—	—	1000	—
Publications	455	520	—	975	1224
Rent	478	579	—	1057	892
Salaries and Wages	8974	38520	—	47494	32497
Subscriptions	19000	—	—	19000	15000
Sundry Expenses	507	476	—	983	1478
Telephone	746	1254	—	2000	1796
Travel	2724	783	—	3507	3864
	<u>37302</u>	<u>55245</u>	<u>14671</u>	<u>107218</u>	<u>66039</u>
<b>Net Surplus (Deficit)</b>	<u>5658</u>	<u>1766</u>	<u>10929</u>	<u>18353</u>	<u>1521</u>

## BALANCE SHEET AS AT 30th JUNE 1983

	C.F.V. \$	E.C.D.P. \$	TOTAL \$	1982 \$
<b>Members' Funds</b>				
Share Capital: Issued and Fully Paid	430	—		—
<b>Members' Accumulated Funds</b>				
Balance 1st July 1982	19683	3080		16283
Plus Surplus — Operating	5658	1766		2335
— Consulting	—	10929		—
Less Deficit	—	—		(814)
Plus T.V. Video Appeal	—	—		1065
Capital Grant	—	2300		2000
E.C.D.P. Grant surplus	—	—		1894
Transfer to Education and Training Unit	—	(3228)		—
	<u>25341</u>	<u>14847</u>		<u>22763</u>
	<u>25771</u>	<u>14847</u>	<u>40618</u>	<u>22763</u>
Represented by —				
<b>Current Assets</b>				
Cash at Bank	752	50		820
Security P.B.S.	1548	1025		6088
Sundry Debtors	1000	—		254
Provision for Doubtful Debts	(1000)	—		—
Prepayments	325			300
	<u>2625</u>	<u>1075</u>		<u>7462</u>
<b>Deposits</b>				
YCW Co-operative 13%	—	—		5000
Security P.B.S. N.O.W. Deposit	24335	10000		1664
Security P.B.S. 15%	—	—		10757
Security P.B.S. 18.5%	—	—		20600
	<u>24335</u>	<u>10000</u>		<u>38021</u>
<b>Fixed Assets</b>				
Furniture (Cost Less Depreciation)	1910	3773		2920
<b>Total Assets</b>	<u>28870</u>	<u>14848</u>		<u>48403</u>
<b>Liabilities</b>				
Creditors	3100	—		300
Subscriptions in Advance	—	—		340
Grant in Advance	—	—		25000
	<u>3100</u>	<u>—</u>		<u>25640</u>
<b>Total Net Assets</b>	<u>25770</u>	<u>14848</u>	<u>40618</u>	<u>22763</u>





**AUDITORS' REPORT**  
**To the Members of Co-operative Federation of**  
**Victoria Limited**

In my opinion:

- (a) I have obtained all the information and explanations required.
- (b) The accompanying Accounts, being the Balance Sheet and Profit and Loss Account and the notes thereon, which have been prepared under the accounting policies as stated in the notes to the Accounts and except where otherwise indicated on a going concern basis and under the historical cost convention, are properly drawn up in accordance with the provisions of the Co-Operation Act, 1981 and so as to give a true and fair view of:—
  - (i) the state of affairs of the Co-operative at 30th June 1983 and of the results of the Co-operative for the financial year ended on that date;  
and
  - (ii) the other matters required by Section 130 of that Act to be dealt with in the Accounts.
- (c) The accounting records and other records, and the registers required by that Act to be kept by the Co-operative have been properly kept in accordance with the provisions of that Act.

JOHN S. WALKER

PARTNER  
THOMPSON DOUGLASS & CO.  
CHARTERED ACCOUNTANTS

MELBOURNE  
27th July 1983

## Statutory Report of the Directors

This report is submitted to members in accordance with Section 131(1) of the Co-operation Act 1981.

### Directors in Office at 30th June 1983

J. Niel Black — Chairman

Alan Dash	James F. Rigby
Edward J. Long	Max Rundle
Brian H. Macintosh	Owen J. Slattery
John Mitchell	Geoffrey J. Simm

### Principal Activities of the Federation

The principal activities of the Federation during the year ended 30th June 1983, in conjunction with the unincorporated body, have been the provision of consultancy, educational and advisory services in conformity with the registered objects of

- Take over the assets and liabilities of Co-operative Federation of Victoria.
- Promotion of Co-operation for improvement of conditions of rural or urban life and encouraging and assisting in the formation of Co-operatives.
- Providing courses of education and training in all aspects of Co-operative philosophy and business practice.
- Representing the best interests of Co-operatives in their relationship with all branches of government.
- Furthering an understanding of Co-operatives by the general public and fostering a climate for Co-operative growth.
- Administering Business Advisory Unit of Victorian Government funded Employment Co-operatives Development Programme.

### Net Financial Result

The net amount of surplus from the operations of the Federation during the financial year ending 30th June 1983 after providing for income tax was \$18,353. Of this, \$12,695 represented balance of Government grants for Employment Co-operative Development Fund whilst \$5,658 represented surplus from the distinct and separate operations of the Co-operative Federation services for and on behalf of members.

### Transfer to Reserves

During the financial year the following transfers were made to the reserves and provisions listed —

Provision for Doubtful Debts	\$1,000
Transfer to Education and Training Unit (Employment Co-operative Development Programme)	\$3,228

No other material amounts have been transferred to or from reserves or provisions during the year; apart from movement in provisions relating to amounts set aside for such items as depreciation and long service leave less payments and charges for expenditure actually incurred.

### Share Capital Issued

The Federation issued 215 shares of \$2.00 each fully paid as membership qualifying shares to members during the financial year.

There were no issues of debentures by the Federation during the financial year.

### Dividends

No dividend has been paid or is proposed to be paid by the Federation.

### Bad and Doubtful Debts

The Directors (before the profit and loss account and balance sheet were made out) took reasonable steps to ascertain action taken in relation to writing off bad debts and made adequate provision for doubtful debts. At the date of this report the Directors are not aware of any circumstances that would render the amount of provision for doubtful debts inadequate to any substantial extent.

### Current Assets

The Directors (before the profit and loss account and balance sheet were made out) took reasonable steps to ascertain that all current assets of the Federation were shown in the accounting records of the Federation as a value equal to or below the value that would be expected to be realised in the ordinary course of business.

### Value of Current Assets

At the date of this report the Directors are unaware of any circumstances which would render the values attributed to current assets in the accounts misleading.

### Charges and Liabilities

At the date of this report

- No charge on the assets of the Federation exists, which has arisen since the end of the financial year and secures the liability of any other person.
- No contingent liability has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable, within the period of twelve months after the end of the financial year which in the opinion of the Directors, will or may substantially affect the ability of the Federation to meet its obligations when they fall due.

### Share Options

No options over shares in the Federation have ever been granted.

### Other Circumstances

At the date of this report the Directors are unaware of any circumstances not otherwise dealt with in the report or accounts which would render any amount stated in the accounts misleading.

In the opinion of the Directors the results of the Federation's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature. With changed staff commitments entered into at 1st July 1983 the Board has budgeted for a deficit balance at the end of the current financial year. Since the end of the financial year and the date of this report advice has been received from the Minister for Employment and Training that "it is not our intention to continue the funding of the Business Advisory Unit beyond the end of August 1983.

Alternative mechanisms for both training and business advice to co-operatives funded by this Ministry are being developed and we will be seeking comment and input from interested parties on these in the near future''.

Apart from these matters no other item, transaction or event of a material and unusual nature likely in the opinion of the Directors to affect substantially the results of the Federation's operations for the next succeeding financial year.

### **Directors' Benefits**

Since the end of the previous financial year no Director of the Federation has received or become entitled to receive any benefit by reason of a contract made by the Federation with the Director or with a firm of which he is a member or with a company in which he has a substantial interest.

Signed at MELBOURNE this TWENTY-SEVENTH day of JULY 1983 in accordance with a resolution of the Directors.

J. Niel Black  
**Director**

Owen J. Slattery  
**Director**

## INTERNATIONALLY RECOGNISED PRINCIPLES OF CO-OPERATION

### 1. **Open and Voluntary Membership**

Membership of a co-operative should be voluntary and available without artificial restriction or any social, political or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities.

### 2. **Democratic Control**

Co-operatives are democratic organisations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary co-operatives should enjoy rights of voting (one member, one vote) and participation in decisions affecting their co-operatives. In other than primary co-operatives the administration should be conducted on a democratic basis in a suitable form.

### 3. **Limited Interest on Shares**

Share capital being service capital should only receive a strictly limited rate of interest, if any.

### 4. **Return of Surplus to Members**

Surplus or savings, if any, arising out of the operations of a co-operative belong to the members of that co-operative and should be distributed in such manner as would avoid one member gaining at the expense of others.

This may be done by decision of the members as follows:

- (a) by provision for development of the business of the co-operative;
- (b) by provision of common services; or
- (c) by distribution among the members in proportion to transactions with the co-operative.

### 5. **Co-operative Education**

All Co-operatives should make provision for the education of their members, officers and employees, and of the general public, in the principles and techniques of co-operation, both economic and democratic.

### 6. **Co-operation among Co-operatives**

All co-operative organisations, in order to best serve the interest of their communities, should actively co-operate in every practical way with other co-operatives at local, national and international levels.

## VALUE OF CO-OPERATIVE PHILOSOPHY

Adherence to these principles, in addition to maintaining normal business efficiency standards provides a competitive social and economic edge which all Co-operatives should recognise and which they should promote.

### **Ownership**

Co-operatives are owned by the user members who are usually local residents and not interstate or international foreign investors.

### **Control**

Co-operative policies are set by their Board of Directors who are elected by their user members and not by investing shareholders.

### **Voting**

Co-operatives operate basically on voting related to membership rather than one vote per share.

### **Profit Distribution**

Belongs to members in proportion to each one's patronage, so stays in the local community as opposed to distribution to foreign investing shareholders related to the extent of their investment or number of shares held.

### **Vulnerability to take-over**

Co-operative shares are only transferable with the authority of the Board whereas non Co-operative shares are bought and sold on Stock Exchanges leaving a company open to take-over in certain circumstances.